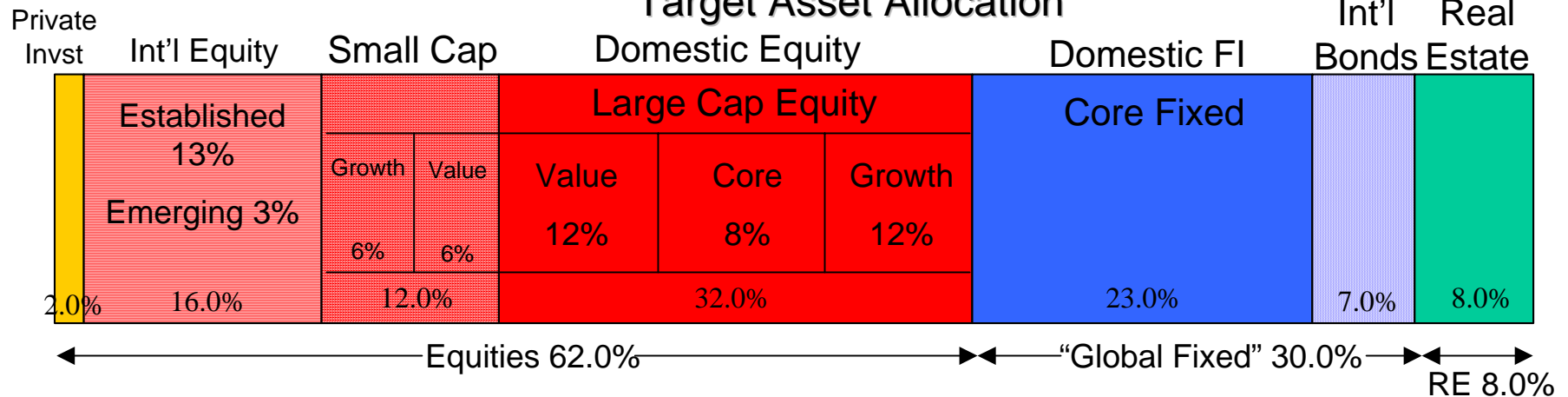


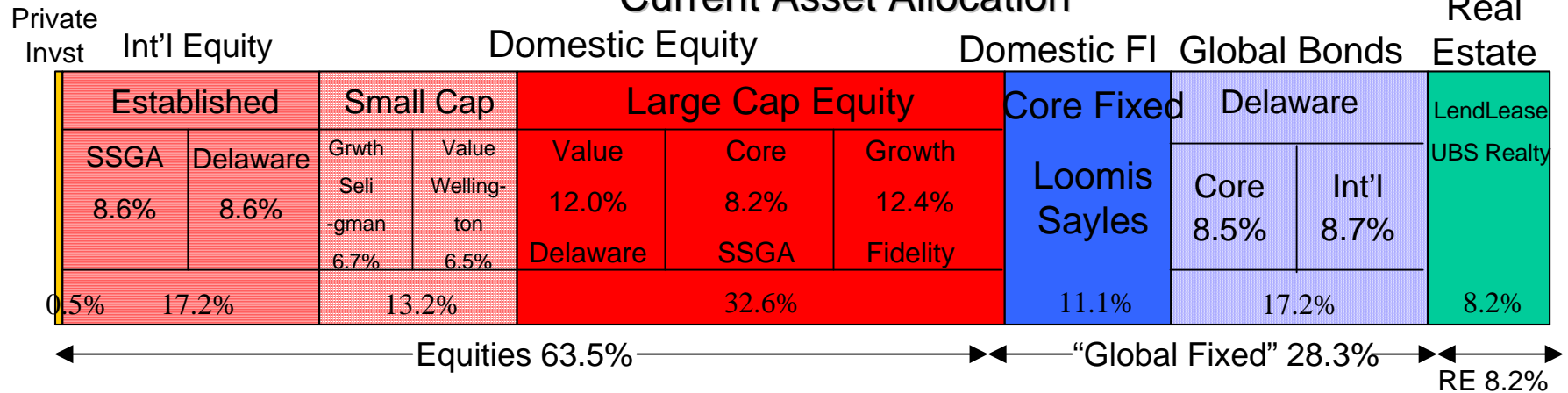
Plan Asset Allocation

As of December 31, 2004

Target Asset Allocation



Current Asset Allocation

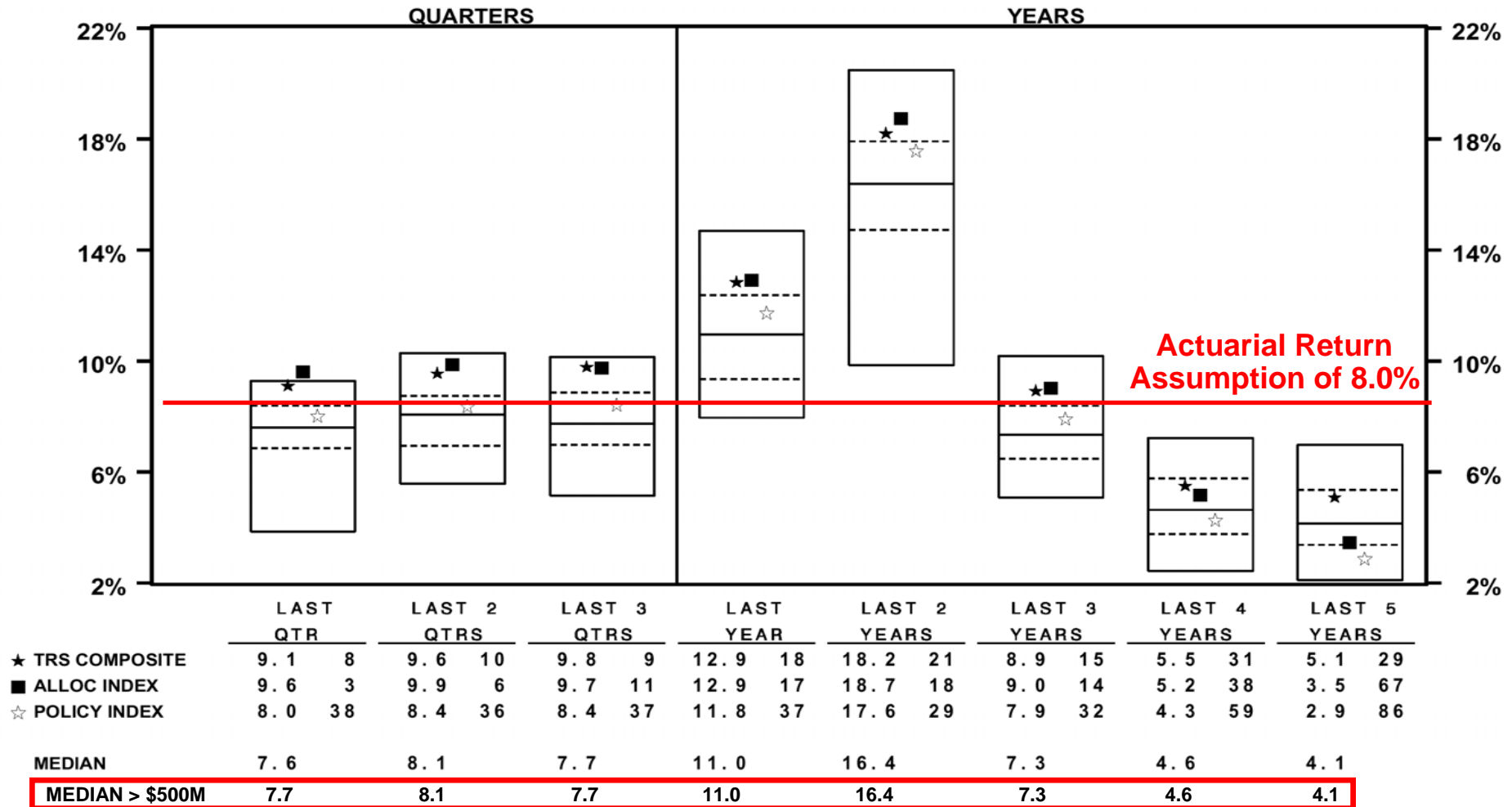


Asset Breakdown

	Domestic Large Core	Domestic Large Value	Domestic Large Growth	Domestic Small Growth	Domestic Small Value	Core Fixed	Int'l Equity	Global Bonds	Real Estate	Private Investment	Cash	Total
Composite	\$109,203	\$161,299	\$165,863	\$89,325	\$85,456	\$146,811	\$229,905	\$227,661	\$109,475	\$6,187	\$10,283	\$1,341,468
SSgA	109,203	0	0	0	0	0	0	0	0	0	183	\$109,386
Delaware	0	161,299	0	0	0	0	0	0	0	0	0	\$161,299
Fidelity	0	0	165,863	0	0	0	0	0	0	0	0	\$165,863
J&W Seligman	0	0	0	89,325	0	0	0	0	0	0	0	\$89,325
Wellington	0	0	0	0	85,456	0	0	0	0	0	2,168	\$87,624
Loomis	0	0	0	0	0	146,806	0	0	0	0	2,468	\$149,274
Mondrian IE	0	0	0	0	0	0	115,273	0	0	0	0	\$115,273
Putnam	0	0	0	0	0	0	0	0	0	0	122	\$122
SSgA Daily EAFE	0	0	0	0	0	0	114,632	0	0	0	0	\$114,632
Mondrian GB	0	0	0	0	0	0	0	227,661	0	0	2,310	\$229,971
Morgan Stanley	0	0	0	0	0	0	0	0	65,571	0	0	\$65,571
UBS Realty	0	0	0	0	0	0	0	0	43,904	0	0	\$43,904
Pru & VVC	0	0	0	0	0	0	0	0	0	6,187	0	\$6,187
Vermont Investment	0	0	0	0	0	5	0	0	0	0	3,032	\$3,037
(Dollars in 000's)												

Total Public Funds – Total Rates of Return

As of December 31, 2004



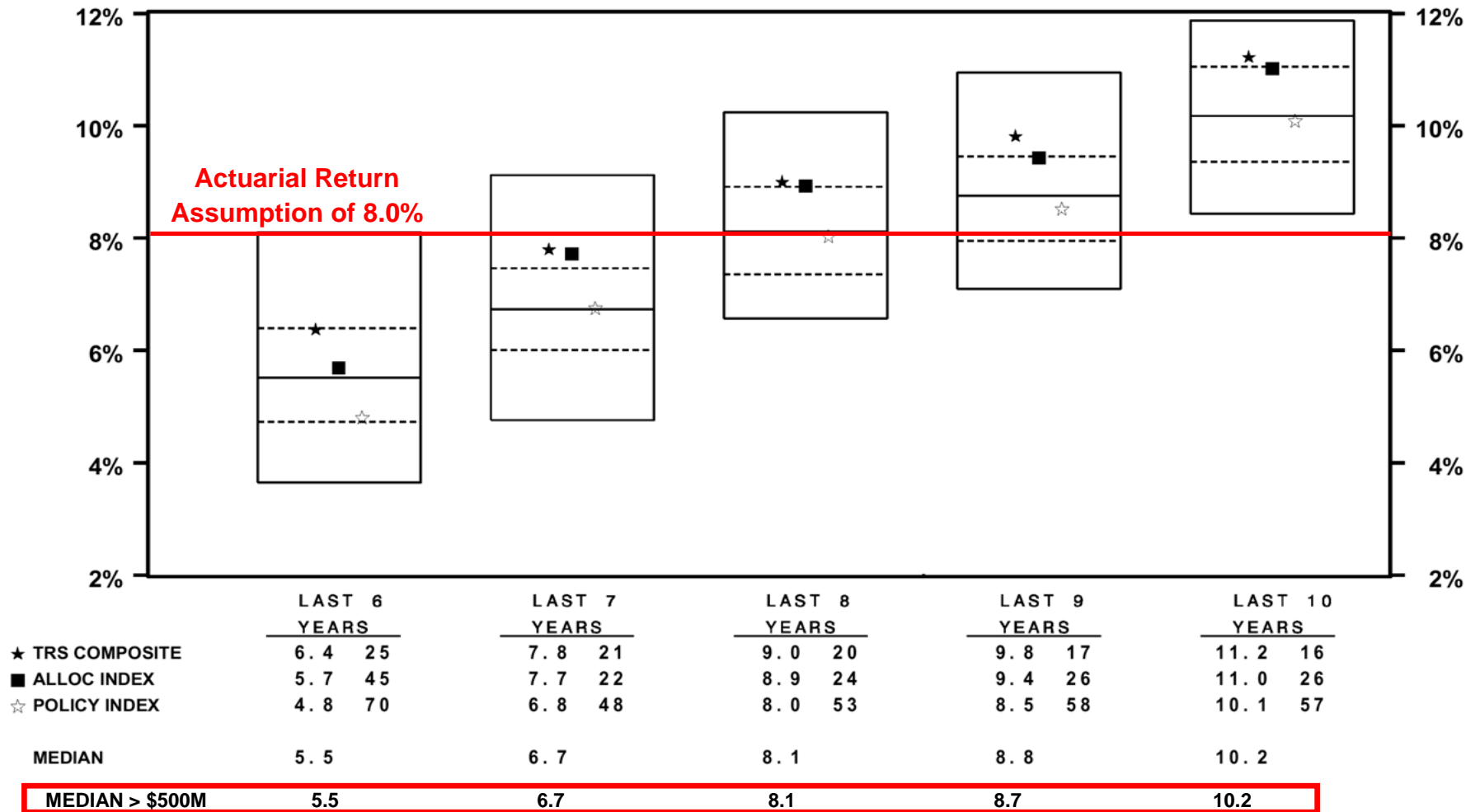
• **Policy Index:** Measures the effectiveness of *Plan Structure*. (Target asset class weights X Return of the respective passive benchmark)

• **Allocation Index:** Measures the effectiveness of *deviating from the target policy weights*. (Policy Index - Allocation Index) Allocation Index = weighted average return of the actual asset class weights and the return of the respective passive benchmark.

• **Composite:** Actual composite return = actual asset class weights times the actual manager return. Measures the *effectiveness of the managers*. (Actual composite return - Allocation Index)

Total Public Funds – Total Rates of Return

As of December 31, 2004



• **Policy Index:** Measures the effectiveness of *Plan Structure*. (Target asset class weights X Return of the respective passive benchmark)

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• **Composite:** Actual composite return = actual asset class weights times the actual manager return. Measures the *effectiveness of the managers*. (Actual composite return - Allocation Index)

Performance Detail (as of 12/31/04)

	4Q04	Public Rank	Large Rank	Last Year	Public Rank	Large Rank	Last 3 Years	Public Rank	Large Rank	Last 5 Years	Public Rank	Large Rank	Market Value	% of Total Portfolio	Annual Fee
Teachers Composite GROSS)	9.1%	8	14	12.9%	18	33	8.9%	15	27	5.1%	29	28	\$1,341,468,414	100.0%	0.4%
Teachers Composite (NET)	9.1%			12.8%			8.9%			N/A					
Median Public Fund	7.6%			11.0%			4.6%			4.1%					
Median Public Fund >\$500M	7.7%			11.0%			7.3%			4.1%					
Median Large Fund	8.0%			12.0%			7.9%			4.0%					
Allocation Index	9.6%			12.9%			9.0%			3.5%					
Policy Index	8.0%			11.8%			7.9%			2.9%					
Large Cap Equity															
Total Large Cap Equity													\$436,548,571	32.5%	
Delaware	8.7%	77		11.4%	83		7.6%	48		6.2%	57		\$161,299,082	12.0%	0.41%
Russell 1000 Value	10.4%			16.5%			8.6%			5.3%					
Fidelity	11.8%	20		9.7%	48		1.5%	56		(4.6%)	56		\$165,863,013	12.4%	0.45%
Russell 1000 Growth	9.2%			6.3%			(0.2%)			(9.3%)					
SSGA	9.0%	80		10.7%	75		3.5%	66		N/A			\$109,386,476	8.2%	0.04%
S&P 500	9.2%			10.9%			3.6%			(2.3%)					
Small Cap Equity															
Total Small Cap Equity													\$176,949,236	13.3%	
J&W Seligman	14.9%	33		14.7%	38		5.6%	61		0.5%	61		\$89,325,416	6.7%	0.50%
Russell 2000	14.1%			18.3%			11.5%			6.6%					
Russell 2000 Growth	15.1%			14.3%			5.8%			(3.6%)					
Wellington	13.1%	50		21.6%	75		N/A			N/A			\$87,623,820	6.5%	0.79%
Russell 2000	14.1%			18.3%			11.5%			6.6%					
Russell 2000 Value	13.2%			22.2%			16.5%			17.2%					
Int'l Equity															
Total Int'l Equity													\$230,026,922	17.1%	
Mondrian	14.5%	46		23.0%	22		17.6%	14		8.4%	12		\$115,273,446	8.6%	0.42%
SSGa DAILY EAFE	15.3%	28		20.4%	52		N/A			N/A			\$114,631,950	8.5%	0.10%
Putnam	N/A			N/A			N/A			N/A			\$121,526	0.0%	0.60%
EAFE (After Taxes)	15.3%			20.2%			11.9%			(1.1%)					
CITI EPAC	15.5%			20.4%			12.1%			(0.8%)					
Note: Results for periods longer than one year are annualized There may be a slight or no dispersion between Gross-of-fee and Net-of-fee returns. This is due to management fee's being paid from an account not included in the plan.															



Managers are ranked against respective style universe.

Fixed Income Performance Detail (as of 12/31/04)

Vermont State Teachers Pension Plan

	4Q04	Public Rank	Large Rank	Last Year	Public Rank	Large Rank	Last 3 Years	Public Rank	Large Rank	Last 5 Years	Public Rank	Large Rank	Market Value	% of Total Portfolio	Annual Fee
Core Fixed															
Total Core Fixed Income													\$149,273,532	11.1%	
Loomis Sayles	1.3%	23		4.9%	30		5.8%	79		7.5%	71		\$149,273,532	11.1%	0.16%
Lehman Aggregate Bond	1.0%			4.3%			6.2%			7.7%					
Lehman U.S. Credit	1.3%			5.2%			7.8%			8.6%					
Global Bonds															
Total Global Bonds													\$229,971,479	17.1%	
Mondrian	6.5%	59		10.0%	65		13.0%	67		10.3%	36		\$229,971,479	17.1%	0.33%
CITI WGBI	8.5%			10.4%			14.9%			8.8%					
Delaware Custom Index*	4.8%			7.5%			9.9%			8.3%					
Real Estate															
Total Real Estate													\$109,474,932	8.2%	
Morgan Stanley	5.7%	21		18.3%	29		11.4%	31		10.1%	36		\$65,571,430	4.9%	0.90%
UBS Realty	4.2%	36		14.5%	36		11.0%	33		10.2%	32		\$43,903,502	3.3%	0.90%
NCREIF Property Index	3.4%			12.2%			8.2%			8.9%					
Private Investment															
Total Private Investment													\$6,186,624	0.5%	
Pru & VVC	(4.1%)			(12.5%)			(4.3%)			(2.4%)			\$6,186,624	0.5%	0.25%
Cash															
Vermont Cash	0.9%			3.9%			2.0%			3.6%			\$3,037,118	0.2%	
90 Day U.S. T-Bills	0.5%			1.3%			1.4%			3.0%					
<p>Note: Results for periods longer than one year are annualized</p> <p>There may be a slight or no dispersion between Gross-of-fee and Net-of-fee returns. This is due to management fee's being paid from an account not included in the plan.</p>															

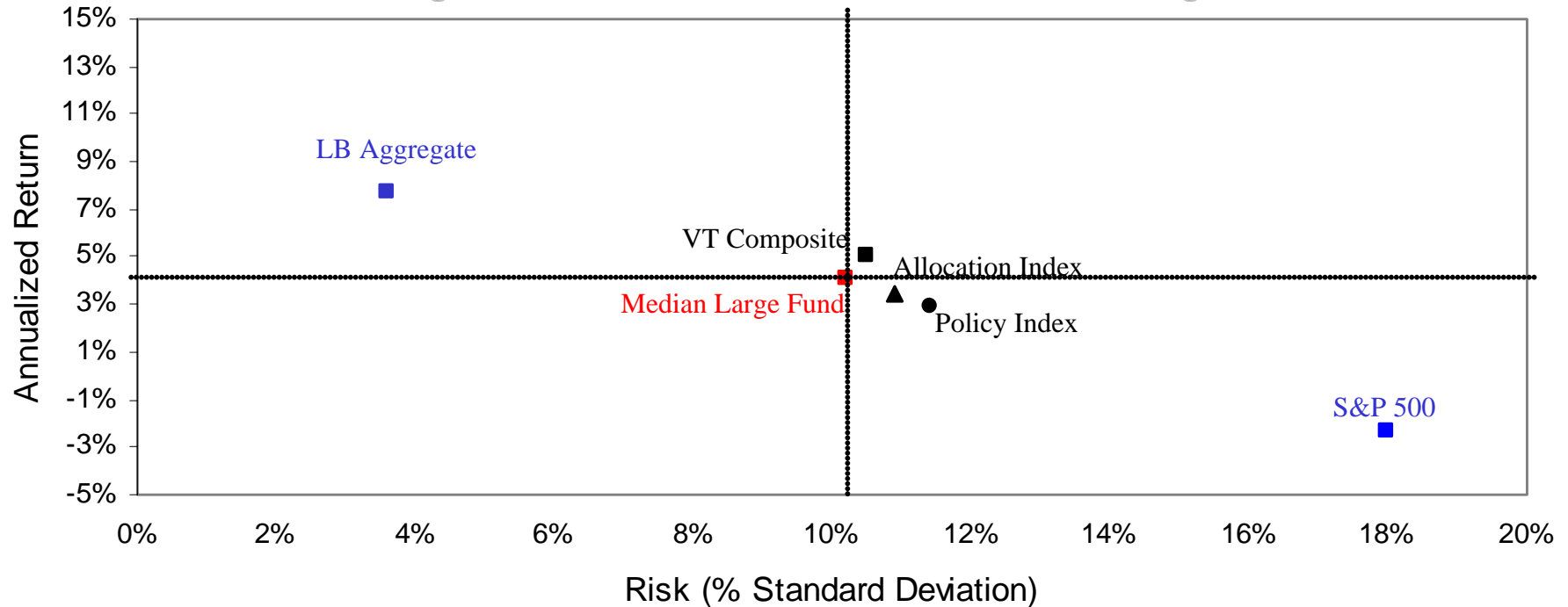


Managers are ranked against respective style universe.

* 60% Lehman Aggregate / 40% CITI WGBI Ex U.S. In place since 07/2003. Prior to that, the split was 75% Lehman Aggregate / 25% CITI WGBI Ex U.S.

Total Fund Risk / Return Analysis

Total Large Funds – Total Return vs. Risk - 5 Years Ending 12/31/04



	Annualized Return		Standard Deviation	
	Value	Rank	Value	Rank
Composite	5.1	29	10.5	39
Allocation Index	3.5	67	10.9	30
Policy Index	2.9	86	11.4	21
S&P 500	-2.3		18.0	
LB Aggregate	7.7		3.6	
Median Large Fund	4.1		10.2	